SUPREME COURT, U.S.

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No. [redacted]

Supreme Court, U.S.
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In the

Supreme Court of the United States

October Term, 1970

FOSTER WHEELER CORPORATION,

Petitioner,

vs.

THE BABCOCK & WILCOX COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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FOSTER WHEELER CORPORATION,

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vs.

THE BABCOCK & WILCOX COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Foster Wheeler Corporation petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Third Circuit entered on September 14, 1970.

OPINIONS BELOW

The opinion of the court of appeals (App. A, *infra*, pp. 15-19) is not yet officially reported, but is unofficially reported at 167 U.S.P.Q. 65. The opinion of the district court (App. B, *infra*, pp. 23-4) is not officially reported.

but is unofficially reported at 166 U.S.P.Q. 390. The opinions of the Patent Interference Examiner and the Assistant Commissioner of Patents (App. C, *infra*, pp. 26-30) are not reported.

JURISDICTION

The judgment of the court of appeals (App. A, *infra*, p. 20) was entered on September 14, 1970. The court of appeals order denying rehearing (App. A, *infra*, p. 21) was entered on October 23, 1970.* The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

QUESTION PRESENTED

Section 23 of the Patent Code authorizes the Commissioner of Patents to make rules for taking evidence in cases pending in the Patent Office. Section 24 authorizes the district courts to issue, and enforce, subpoenas to obtain evidence for use in cases pending in the Patent Office. The question presented is whether a district court acting under Section 24 can apply rules of procedure which permit the taking of evidence which is prohibited by Patent Office rules promulgated under Section 23.*

STATUTES AND REGULATIONS INVOLVED

The relevant provisions of the Patent Code (35 U.S.C. §§ 23, 24) and the relevant Patent Office Rules of Practice (Rule 251, *et seq.*) are set forth in App. D, *infra*, pp. 32-4.

STATEMENT OF THE CASE

This was a proceeding in a federal district court under 35 U.S.C. § 24, which provides that a federal court may issue and enforce subpoenas to obtain evidence "for use

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* If this petition is granted, petitioner reserves the right to argue that stay orders of the court of appeals were improper.

in any contested case in the Patent Office" (App. D, 32). The parties to the proceeding are the owners of patent applications involved in Interference No. 96,476, now being contested in the Patent Office. The invention claimed by both parties pertains to steam boilers used for generating electricity in power stations. These are large installations costing between $5 million and $30 million each. The industry has long been dominated by two companies, respondent Babcock & Wilcox (B&W) and Combustion Engineering; petitioner Foster Wheeler has had a relatively small share of the market.

On February 14, 1969, B&W started the proceeding in the district court, claiming that it needed discovery of evidence from Foster Wheeler in order to prepare motions in the interference. On March 21, 1969, the district court denied the discovery as premature. On September 9, 1969, B&W's appeal was dismissed for lack of jurisdiction, the majority of the court of appeals holding that the district court's action was not a final appealable order (415 F.2d 777, 778).

On April 20, 1970, B&W filed a petition to the Commissioner of Patents asking for "a special ninety (90) day period for discovery" prior to trial of the interference in the Patent Office. The petition admitted that there is "no provision in the Patent Office Rules of Practice for discovery," but asked the Commissioner to exercise his discretionary supervisory authority to permit such discovery.

On May 7, 1970, the Assistant Commissioner held that the petition as addressed to the Commissioner was premature due to the absence of an initial ruling by the Patent Interference Examiner or the Board of Patent

Interferences fixing times for the parties to take testimony, and he referred the petition to the Examiner for action (App. C, 26). On May 12, 1970, the Patent Interference Examiner denied the petition on the grounds (1) that to delay the interference to permit discovery would not be "in the public interest," and (2) that to fix a special period for discovery would be a "complete nullification" of Patent Office Rules 251 and 257 which govern the order of proof and burden of proof in interferences (App. C, 28).

B&W then renewed this proceeding in the district court to compel discovery. It complained that it was being given a "runaround" by the Patent Office, that the agency was "obstinate" and unrelenting, that the Patent Office rules "are wrong," and that the agency refused to permit discovery because "the Commissioner and those bureaucrats down in Washington" "prefer trial by surprise."

On June 3, 1970, the district court entered an order requiring the production of documents by Foster Wheeler and reinstating subpoenas duces tecum previously issued to Foster Wheeler's witnesses (App. B, 25). The court held that the Patent Office ruling was not a bar to "the District Court's exercise of its jurisdiction under F.R.C.P. 34 and 35 U.S.C. Section 24" (App. B, 24).

Foster Wheeler appealed. In the court of appeals B&W continued its attack upon the Patent Office, claiming that the agency's "ill-conceived" policy relating to pretrial discovery requires that "the Courts of Appeal must drag the Patent Office 'kicking and screaming into the twentieth century,'" and arguing that it had become "the victim of differences of opinion between two different

branches of the federal government" (*i.e.*, the courts and the agency).

The Court of Appeals for the Third Circuit affirmed on September 14, 1970. The court conceded that "the Patent Office Rules of Practice contain no pre-trial discovery provisions" and that the allowance of broad discovery at this time was "inconsistent with the spirit of the Patent Office Rules" (App. A, 16, 18). Nevertheless, it held that the district court had the discretion to order discovery, regardless of "whether the Patent Office will permit the use of such evidence" in the interference (App. A, 18). It reasoned that the district court's jurisdiction over discovery in Patent Office contests is exclusive under § 24, and that Patent Office "rules of admissibility do not govern discovery." It found persuasive a prior ruling in the Second Circuit interpreting the statute as allowing parties "to apply for discovery at any time" during a pending Patent Office interference (App A, 19).

Foster Wheeler sought rehearing in banc, pointing out that the court of appeals decision was inconsistent with an earlier decision by a different panel of the same court, in the earlier appeal in this case, where the court had refused to disturb the district court's original decision denying B&W's motion for discovery "on the ground that it was premature because it sought materials which under the Rules and determinations of the Patent Office could not be used" in the interference (*Babcock & Wilcox* v. *Foster Wheeler*, 415 F.2d 777). However, on October 23, 1970, the court denied the petition for rehearing (App. A, 21). On November 12, 1970, the court stayed its mandate pending the filing of this petition (App. A, 22).

As of the date of filing this petition, B&W has yet to mark or offer its first exhibit or swear its first witness in

this interference, although the Patent Office set the time for B&W to begin to take testimony on May 21, 1970. Instead of putting in its own proofs as required by Patent Office rules for taking and presenting evidence, B&W has pursued this collateral attack upon the Patent Office and its procedures.

REASONS FOR GRANTING THE WRIT

Chief Judge Wright has lately noted the "disturbing lack of clarity in the relationship between 35 U.S.C. § 24 and the Patent Office Rules," *Hogan* v. *Zletz*, 164 U.S.P.Q. 592, 594 (D.Del. 1970), and has said:

> "I think this is a very cloudy field that ought to be cleared up as to just what the function of the Federal Court is as an aid to the Patent Office in the discovery procedure." (*Hogan* v. *Zletz*, D.Del., Misc. 54, transcript of proceedings, Dec. 19, 1969, p. 23)

The present case presents not only the obvious conflict between the courts and the Patent Office, but also a conflict among the courts of appeal. The question presented is recurrent and urgent to the administration of the Patent Office and to the integrity of its procedures.

1. The conflict among the courts of appeal concerns (A) whether the courts are bound to respect the Patent Office procedures for taking evidence in an interference, and (B) what is the proper time for the courts to exercise their jurisdiction under § 24.

A. The Seventh Circuit has held that a district court in an action under § 24 may not review a Patent Office limitation on the scope of the testimony permitted in an interference, *Natta* v. *Zletz*, 379 F.2d 615, 618 n. 2 (1967). The Tenth Circuit has implicitly adopted a similar interpretation of § 24 by adopting the Seventh Circuit's de-

scription of the statute as giving "to the courts 'a jurisdiction designed to *cooperatively* complement Patent Office jurisdiction. . . .'" (Emphasis added.) *Natta* v. *Hogan*, 392 F.2d 686, 690-1 (10 Cir. 1968). To the same effect are various district court decisions* including *Robitschek* v. *Tapas*, 200 F.Supp. 588, 589 (N.D. Ill. 1961), where Judge Robson, now Chief Judge, refused to compel testimony specifically on the ground that the Patent Office Examiner had held that the testimony was in violation of the agency's rules.

In contrast, the Third Circuit here described the district court's jurisdiction under § 24 as "exclusive" and held that "Patent Office rules of admissibility do not govern discovery, pursuant to the Federal Rules of Civil Procedure, in interference proceedings." (App. A 17, 18)** This court should resolve the conflict among the circuits.

(B) As noted by the court of appeals in this case, a Patent Office interference is divided into three stages: (i) the initial period for declaration of the interference and filing preliminary statements; (ii) the period for

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* See *Morris* v. *Hillyer*, 132 U.S.P.Q. 668, 677-8 (D. Conn. 1961); *Application of Rogoff*, 94 F.Supp. 377 (MD. Pa. 1950); *Katzman* v. *Georgiev*, 15 F.Supp. 769 (S.D. N.Y. 1936).

** It may be noted that at least two of the judges of the Third Circuit have disagreed with the views of the panel that wrote the court's latest decision in this case. In *In re Natta*, 388 F.2d 215, 221, the dissenting opinion urged that it was error to construe § 24 to include the right to discover matter which would be inadmissible as evidence in the interference. Similarly, in the earlier appeal in the present case, the concurring opinion stated that the court should respect the rules of the Patent Office which "make no provision for the use of the products of discovery" at the motion stage of an interference, 415 F.2d at 779 (1969).

filing motions to dissolve, or to amend the patent claims at issue; and (iii) the testimony period during which the parties put in evidence (415 F.2d 777). At what stage may discovery be had? Again, the circuits disagree.

The Second Circuit rule is that discovery is permitted by either party at any time during a pending interference, *Babcock & Wilcox* v. *Combustion Engineering, Inc.*, 159 U.S.P.Q. 762, 763 (D.Conn. 1968), aff'd memo. (No. 32974, 2 Cir., Nov. 21, 1968). The effect of the two rulings of the Third Circuit in this case is that discovery is not permitted during the motion period (415 F.2d 777, 1969), but is permitted during the testimony period (App. A 17). The Seventh Circuit in *Natta* v. *Zletz*, and the Tenth Circuit in *Natta* v. *Hogan*, *supra*, both sanctioned discovery during the rebuttal portion of the testimony period (379 F.2d at 616).

The District of Columbia Circuit has still another approach. In *Phillips Petroleum Co.* v. *Brenner*, 383 F.2d 514 (D.C. Cir. 1967), the court held that a Patent Office ruling denying an interference party access to testimony is not reviewable by the courts pending final agency action in the interference. This Court should resolve the conflict among the circuits on the question.

2. This case presents a compelling need for this Court to exercise its supervisory authority, by settling the interpretation of § 24, and thus providing the proper boundaries for the lower courts' exercise of their jurisdiction under the statute. The courts below drew the wrong boundary and thereby upset the proper balance between the courts and the Patent Office. This Court should restore the proper balance.

The Congressional design for the conduct of contested cases in the Patent Office is plain. Section 23 authorizes

the Commissioner of Patents to make rules for taking evidence, while § 24 gives the courts an implementing power to issue and enforce their process to obtain the evidence. Where the courts below went wrong was in reading a single sentence of § 24 out of context. The section begins and ends by providing that the district court's function is to aid a party in obtaining evidence for use in a Patent Office contest by exercising and enforcing the court's subpoena power. But the following sentence appears also, and was the ground of the decisions below:

> "The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent Office."

Without this sentence, we submit, it would be obvious that the Patent Office may establish the scope of inquiry for its proceedings and that the role of the district courts is to use their power to implement the obtaining of evidence within that scope. It is fundamental, traditional, and thoroughly practical, that the tribunal responsible for deciding a case should set the scope of its inquiry. The approach which gives the quoted sentence an appropriate and sensible meaning,* we submit, is to construe it as providing that while the *conditions* for obtaining the evidence shall be those prescribed in the federal rules, the scope and limits of evidence obtainable shall be what is

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* The legislative history offers no help. See *Gladrow* v. *Weisz*, 354 F.2d 464, 467 (5 Cir. 1965); Federico, Commentary on the New Patent Act, Title 35 U.S.C.A., p. 13; indicating only that § 24 made no significant change in the patent statutes. The jurisdiction of courts of the United States to issue and enforce their process in aid of Patent Office contests originated in Sec. 1 of the Patent Act of March 2, 1861 (II Walker on Patents 880, 6th ed. 1929).

appropriate and useful for the agency proceeding as determined by the agency and its rules. Under this construction, if the Patent Office rules permit the introduction of evidence of the abandonment of the claimed invention by one of the interference parties, the court in a proceeding under § 24 would be authorized to compel attendance of an abandonment witness under Rule 45 F.R.C.P., to compel answers to questions on the issue of abandonment under Rule 37, to order production of documents on the issue under Rule 34, and to enter orders to protect the witness under Rule 26, upon the various conditions set forth in those rules. But the court would not be justified in doing any of these things to obtain evidence on an issue which the Patent Office considered improper in the interference. This suggested construction of the statute comports with well-settled general principles enunciated by this Court concerning the relationship between the courts and the administrative agencies.

The Third Circuit's approach renders the statute self-contradictory. Since § 24 is expressly directed to the obtaining of evidence "for use . . . in the Patent Office," it makes no sense to order the taking of evidence which is *not useful* in the Patent Office. The court of appeals reading of § 24 is not only self-contradictory; it is futile, as illustrated by the history of *Taub* v. *Rausser*, 159 U.S.P.Q. 220 (D.N.J. 1968). In that case, the district court ordered discovery depositions to proceed, observing that "where information pertinent to the issue will aid the Patent Office, which has no power to compel the attendance of witnesses, I would think that such aid by the Court would be welcomed by the Patent Office." But when the transcripts of testimony were offered in the interference, they were rejected by the Patent Office (856 O.G. 688,

Aug. 12, 1968),—not on the ground that they were inadmissible under applicable evidentiary standards, but solely because of the Patent Office rules restricting the scope of inquiry permitted in the interference. The Assistant Commissioner expressly refused to follow the district court's opinion.

3. The question presented has not heretofore been considered by this Court and is of recurring and urgent importance in the administration of the Patent Office. The effect of the courts' decisions in this case is to provide for discovery of evidence in this interference as if it were an infringement action under the original jurisdiction of the district court. The trial of an infringement action without discovery is virtually unknown. If the doctrine of this case prevails, so that discovery is available in interferences without regard to the limitations provided in the Patent Office procedures, it is to be anticipated that discovery will become the rule, rather than the exception, in interferences generally. As a practical matter, this would mean that the courts will be involved in most of the nearly 800 interferences now pending in the Patent Office.*

One can argue the wisdom of this result as a matter of policy, see 51 J.P.O.S. 201 (1969). Another recent journal comment, 52 J.P.O.S. 54, 62 (1970), refers to "the so-called 'chaotic conditions' that some say now exist," and recommends that the function of the court under § 24 should be "merely to enforce the discovery allowed by the Commissioner." Other authors have surveyed the recent decisions and concluded that the expansion of dis-

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* On September 1, 1970, 779 interferences were pending in the Patent Office.

covery in interferences demonstrates a "need to take interference proceedings out of the Patent Office and put them in the courts," 1 Pat. L. Persp. 655 (1970). But if such a change is desirable, clearly it should be accomplished by Congress and not by the courts.

4. The Patent Office policy limiting discovery has a firmer foundation than the courts below realized. The theory behind the creation of the Patent Office was to provide for the efficient, expeditious evaluation of claims for patents using "the intelligent judgment of a trained body of skilled officials, expert in the various branches of science and art, learned in the history of invention, and proceeding by fixed rules to systematic conclusions," *Butterworth* v. *Hoe*, 112 U.S. 50, 59 (1884), and it is entirely appropriate that the procedures of such a body should not be supplied only by judicial precedents, *FCC* v. *Pottsville*, 309 U.S. 134, 143 (1940). Moreover, the Constitutional policy (art. 1, § 8) that inventors are to be rewarded with the exclusive right to their discoveries "*for limited Times*," mandates expeditious proceedings, so that the patent monopoly will begin and end as early as possible and the public will promptly succeed to all rights in the invention. The Patent Office decision denying discovery in the present case was based upon just this consideration (App. 28):

> "The delays that may be incident to the discovery proceedings and the resultant delays in the interference are deemed not to be in the public interest. . . ."*

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* The "delays" incident to discovery are demonstrated if the Court may take judicial notice that in Interference No. 89, 634, to which the various *Natta* cases cited herein relate, 6,750 pages of testimony were taken and more than 1,000 exhibits were offered in evidence during the dis-

In sum, we submit that the control of interference proceedings should be restored to the Patent Office where Congress placed it, and that the federal courts should be instructed to help the Patent Office rather than hinder it by following the same principles of separation of power, primary jurisdiction and judicial restraint which have been applied in the courts' relationship with other administrative agencies.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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December 1970

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* (Continued)
covery proceedings of the party Natta alone. The interference was declared on September 9, 1958; it is still pending in the Patent Office; and at least several years of the delay are attributable to the court proceedings under § 24.

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 19087

THE BABCOCK & WILCOX COMPANY, Assignee of the Interference Parties Dungey and Frendberg

v.

FOSTER WHEELER CORPORATION, Assignee of the Interference Parties Gorzegno, Weber & Pai, *Appellant*

(Argued August 25, 1970, dated September 14, 1970)

Before KALODNER, GANEY, and ADAMS, *Circuit Judges*
ADAMS, *Circuit Judge.*

Appellant, Foster Wheeler Corporation ("FW"), here challenges a decision of Judge Reynier J. Wortendyke, Jr. to grant appellee, Babcock & Wilcox Company ("BW"), discovery under 35 U.S.C. §24,[1] ancillary to a patent interference proceeding in the Patent Office. Two questions are raised by the appeal: (1) what forum determines questions regarding discovery ancillary to a Patent Office interference proceeding; and (2) what criteria guide the resolution of such questions.

[1] 35 U.S.C. §24: "The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district . . . The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent Office. . . ."

FW filed a patent application on May 27, 1964, pertaining to steam generators. BW filed an application for a similar patent on April 13, 1965. The Patent Office, on August 26, 1968, declared a patent interference, and an interference proceeding was instituted in the Patent Office.[3]

FW's employee and co-inventor, Gorzegno, was previously an employee of BW. Approximately two weeks after leaving BW to work for FW, Gorzegno is alleged to have conceived the invention for FW.

Because the Patent Office Rules of Practice contain no pre-trial discovery provisions, parties to contested cases in the Patent Office who seek discovery must resort to the United States district courts under 35 U.S.C. §24.

Pursuant to that provision, BW applied to the District Court for the District of New Jersey for discovery on February 14, 1969, and on September 26, 1969. The District Court denied each motion as being premature with relation to the contemporaneous proceedings in the Patent Office (the motion period).[4] BW appealed from the February order of the District Court, and this Court dismissed the appeal as lacking the "requisite finality to be appealable". Babcock & Wilcox Co. v. Foster Wheeler Corp., 415 F.2d 777 (1969). No appeal was taken from the September order.

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[3] See In re Natta, 388 F.2d 215, 216 (3rd Cir. 1968), for a description of the interference proceeding in the Patent Office authorized generally under 35 U.S.C. §135.

[4] Interferences move through three distinct stages in the Patent Office: (1) the initial period in which the interference is declared and preliminary statements filed; (2) the motion period (e.g. to dissolve, add and/or substitute a count and/or an application); (3) the testimony period (because "trial" consists of the submission of depositions previously taken, the testimony period is akin to the ordinary judicial trial).

BW renewed its discovery motion in May, 1970, and shortly thereafter the period allocated for the taking of its testimony began. On June 3, 1970, the District Court issued an order permitting discovery, but stayed the order to permit FW to appeal. Simultaneously, BW sought an order to enjoin FW from taking further steps in the patent proceeding until the discovery matter was resolved. On June 16, 1970, this Court revoked the order of the District Court staying BW's discovery, and instead stayed both BW and FW "from all further proceedings by them in the United States Patent Office in this matter" pending the present appeal.[4]

The jurisdiction over discovery granted by 35 U.S.C. §24 to the District Court in contested Patent Office matters is exclusive and ancillary to the principal proceeding before the Patent Office.[5] Indeed, the Patent Office Board of Patent Interferences has stated as follows:

> "In so far as Gilby et al.'s opposition is grounded on the question of whether or not discovery is permitted, no consideration can be given thereto, the Patent Office having no power or authority to supervise the actual taking of testimony. The determination of the question of whether or not discovery is permitted under the provisions of 35 U.S.C. 24 is within the sole jurisdiction of the United States District Court." Campbell v. Gilby, 146 U.S.P.Q. 723, 725 (1965).

This statement of the Patent Office was relied on by this Court in In re Natta, 388 F.2d 215, 218 (3rd Cir. 1968).

As to what criteria a district court must use in regulating the time of discovery, the Seventh Circuit has aptly

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[4] The District Court interpreted this order as staying all discovery.

[5] *See generally* Babcock & Wilcox Co. v. Combustion Engineering, Inc., 159 U.S.P.Q. 762 (D. Conn. 1968) and cases cited therein.

stated that the district court should exercise its ancillary jurisdiction in a manner "to cooperatively complement Patent Office jurisdiction as an aid to the quest for truth." Natta v. Zletz, 379 F.2d 615, 618 (1967). Nevertheless, this Court has already decided that Patent Office rules of admissibility do not govern discovery, pursuant to the Federal Rules of Civil Procedure, in interference proceedings. *In re Natta, supra,* at 219. Furthermore, the *Zletz* court itself found the district court in error for stating that its own exercise of jurisdiction over discovery should be conditioned on the Patent Office's first setting a specific time for hearing testimony from the parties.

FW does not claim any of the above cases are incorrectly decided. Rather, FW argues that the grant of discovery *now* will in effect reverse the order of proof specified by Patent Office Rules of Practice, 251-259, 37 C.F.R. §§ 1.251-1.259. Those rules require inter alia the junior party to an interference (BW) to prove prior conception of an invention before offering proof of derivation of the invention by the senior party (FW) from the junior party. FW contends that the allowance of broad discovery *now* will permit BW to gather evidence of derivation without having established prior conception, a procedure which is inconsistent with the spirit of the Patent Office Rules. A similar claim was presented in Babcock & Wilcox Co. v. Combustion Engineering, Inc., 159 U.S.P.Q. 762 (D. Conn. 1968), *aff'd mem.* (2d. Cir. Nov. 21, 1968), where Judge Zampano stated:

> ". . . [The senior party] urges this Court to foreclose discovery until after the junior party completes its initial presentation because to do otherwise would 'strip the senior party of the procedural advantages accorded him by virtue of his earlier filing date.' . . . [T]he broad mandate of the statute manifests an explicit congressional intent to allow both parties to a patent interference to apply for discovery at any time during the proceeding. In this Court's opinion the need for discovery as an aid in the quest for truth

> may be as compelling when a party submits his direct case as when he prepares to rebut his opponent's presentation.
>
> This is not to say, however, that an automatic and indiscriminate inspection of the senior party's file is authorized. The requirements of good cause, relevance, reasonable designation of documents, and the principles of privilege were designed to prevent the abuses [the senior party] suggests". 159 U.S.P.Q. at 763-766.

We find the reasoning in *Combustion Engineering* persuasive as applied to the present case. FW has raised no objection here with respect to the latter factors enumerated above by Judge Zampano. Also, whether the Patent Office will permit the use of such evidence in the testimony period is a matter beyond the control of the district court. The question here is one of timeliness of discovery, and on this issue we cannot find that Judge Wortendyke abused his discretion in allowing discovery to go forward.

BW has contended that FW's argument is so lacking in merit as to be frivolous, and has therefore asked this Court to impose double costs on FW pursuant to Fed. R. App. P. 38. Under all the circumstances of this case, we do not believe such imposition to be justified.

Accordingly, the order of the District Court will be affirmed.

UNITED STATES COURT OF APPEALS
for the Third Circuit

No. 19,087

THE BABCOCK & WILCOX COMPANY,
Assignee of the Interference
Parties Dungey and Frendberg

vs.

FOSTER WHEELER CORPORATION,
Assignee of the Interference
Parties Gorzegno, Weber & Pai,
Appellant

(D. C. Civil Action No. 174-69)

On Appeal From The United States District Court
For The District Of New Jersey

Present: KALODNER, GANEY and ADAMS, *Circuit Judges.*

JUDGMENT

This cause came on to be heard on the record from the United States District Court for the District of New Jersey and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the judgment of the said District Court, filed June 3, 1970, be, and the same is hereby affirmed, with costs taxed in favor of appellee.

September 14, 1970

UNITED STATES COURT OF APPEALS
for the Third Circuit

No. 19,087

THE BABCOCK & WILCOX COMPANY

v.

FOSTER WHEELER CORP., etc.

Appellant

SUR PETITION FOR REHEARING

Present: HASTIE, *Chief Judge*, KALODNER, GANEY, FREEDMAN, SEITZ, VAN DUSEN, ALDISERT, ADAMS, and GIBBONS, *Circuit Judges*

The petition for rehearing filed by Foster Wheeler Corp., etc.

in the above entitled case having been submitted to the judges who participated in the decision of this court and to all the other available circuit judges of the circuit in regular active service, and no judge who concurred in the decision having asked for rehearing, and a majority of the circuit judges of the circuit in regular active service not having voted for rehearing by the court in banc, the petition for rehearing is denied.

By the Court,
/s/ Arlin M. Adams
Judge

Dated: October 23, 1970

UNITED STATES COURT OF APPEALS
for the Third Circuit

No. 19,087

THE BABCOCK & WILCOX COMPANY,
Assignee of the Interference
Parties Dungey and Frendberg
vs.
FOSTER WHEELER CORPORATION,
Assignee of the Interference
Parties Gorzegno, Weber & Pai,
Appellant

Present: KALODNER, GANEY and ADAMS, *Circuit Judges.*

Upon consideration of appellant's motion for stay of mandate, and the answer in opposition thereto, both in the above-entitled case,

It is ORDERED that the issuance of the certified judgment in lieu of formal mandate be and hereby is stayed until twenty-one (21) days from the date of this order, provided that appellant file petition for writ of certiorari in the Supreme Court of the United States. If said petition is not filed within the said twenty-one days, the certified judgment in lieu of formal mandate is to issue forthwith at the expiration of that period; and

It is Further ORDERED that both parties be, and hereby are stayed from any further proceedings in the patent litigation in question until the Supreme Court of the United States has determined the petition for writ of certiorari, if any be filed.

By the Court,
Arlin M. Adams
Circuit Judge

Dated: November 12, 1970

APPENDIX B

Opinion Letter

United States District Court
District of New Jersey

Reynier J. Wortendyke, Jr., Judge

May 19, 1970

Re: C. 174-69—The Babcock & Wilcox Company, etc. v. Foster Wheeler Corporation, etc.

Toner, Vanderbilt & Toner, Esqs.
554 So. Livingston Avenue
Livingston, New Jersey

Riker, Danzig, Sherer & Brown, Esqs.
744 Broad Street
Newark, New Jersey 07102

Gentlemen:

Babcock & Wilcox Company filed a notice of motion with this Court on April 28, 1970. Argument on that motion, which sought reinstatement of this Court's Rule 34 Order of March 3, 1969 and the previously quashed subpoenas ad testificandum and duces tecum, was heard on April 30th.

At that hearing this Court refrained "from making any order" and did "deny again with prejudice" the motion because a petition by the moving party requesting a special time in the interference schedule to conduct discovery was still pending before the Patent Commissioner. However, this Court also noted that it would reconsider the motion should the Commissioner take "adverse action or insufficient action." (See p. 25, 26 of the transcript.)

It has come to the attention of this Court that the Patent Commissioner will not be able to take sufficient action to grant Babcock & Wilcox the relief sought in this Court. See *Natta* v. *Hogan*, 392 F.2d 686, 690-691

(10 Cir. 1968). This Court has also considered Paper No. 56, dated May 12, 1970 by Patent Interference Examiner Serota in which it is noted that the interference is not yet "in condition for the setting of times for taking of testimony," and that setting any special period for discovery prior to taking testimony would not be appropriate. He also stated that the Patent Commissioner may, upon certain conditions happening during the junior party's testimony time, grant an extension of time to allow F.R.C.P. 34 proceedings.

35 U.S.C. Section 24 vests sole jurisdiction in the District Court to determine whether or not discovery may be had in a contested proceeding in the Patent Office. *Campbell* v. *Gilby*, 146 U.S. P.Q. 723, 725 (P.O. Bd. Infs 1965). Further "The Patent Office has no power to order documentary production, much less power to review the question of appellant's right to the documentary production denied appellants by The District Court." *Natta* v. *Zletz*, 379 F.2d 615, 618 (7 Cir. 1967). That case also held that even though the Patent Office had not set a time for the taking of testimony there would be no bar to the District Court's exercise of its jurisdiction under F.R.C.P. 34 and 35 U.S.C.A. Section 24. This Court is of the opinion that the refusal of the Patent Office to consider setting a special time within the unset testimony period would be no more of a bar.

In view of the foregoing and upon the further authority of *In Re Natta*, 388 F.2d 215 (3 Cir. 1968) this Court has reconsidered its decision of April 30 denying the motion, and will grant plaintiff's motion filed with this Court on April 28, 1970.

An Order in conformity with the foregoing views may be submitted.

Very truly yours,
Reynier J. Wortendyke, Jr.

Judge, United States District Court

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

THE BABCOCK & WILCOX COMPANY, Assignee of the Interference Parties, Dungey and Frendberg

v.

FOSTER WHEELER CORPORATION Assignee of the Interference Parties, Gorzegno, Weber and Pai

Relating to Discovery under 35 U.S.C. §24 in Interference No. 96,476 in the United States Patent Office

ORDER

This matter having been opened to the Court by Toner, Vanderbilt & Toner, attorneys for movant, The Babcock & Wilcox Company, having considered the briefs and arguments of respective counsel and opinion of all of the proceedings had thereon, and good cause appearing;

It is on this 3rd day of June, 1970;

ORDERED, that Foster Wheeler Corporation produce, at the offices of Toner, Vanderbilt & Toner, 554 South Livingston Avenue, Livingston, New Jersey, for inspection and copying on or before June 15, 1970, all correspondence, memoranda, drawings, sketches, reports and other documents made between November 1961 and May 27, 1964, in any manner relating to any of the items listed on the schedule attached to this Order;

And it is FURTHER ORDERED, that the subpoenas issued to Messrs. Gorzegno, Weber, Pai and Stevens be reinstated and said persons be required to appear at the offices of Toner, Vanderbilt & Toner, at 10 a.m. on June 17, 1970, pursuant to said subpoenas.

/s/ Reynier J. Wortendyke, Jr.
Reynier J. Wortendyke, Jr.
United States District Judge

Newark, New Jersey

This Order is stayed to permit prompt appeal therefrom.

/s/ Reynier J. Wortendyke, Jr.

June 3, 1970

APPENDIX C

U. S. DEPARTMENT OF COMMERCE
Patent office

May 7, 1970

Interference No. 96,476	:	
	:	
Dungey et al	:	On Petition
	:	
Gorzegno et al	:	

The party Dungey et al has filed a petition for the exercise of supervisory authority to provide a period for discovery prior to the setting of testimony times in this interference. The party Gorzegno et al has filed a reply suggesting, on page 6 thereof, that supervisory action is inappropriate because no other official has acted on the matter raised by the petition.

The petition is premature. The assignment of testimony times under Rule 251 falls within the jurisdiction of the Patent Interference Examiner or the Board of Patent Interferences, and an initial ruling on the matter of testimony times should be obtained before filing a petition for the exercise of supervisory authority. Accordingly, the petition will be dismissed and the aforementioned papers will be transmitted to the Patent Interference Examiner or Board of Patent Interferences, as appropriate, to be treated as a motion under Rule 243.
The petition is dismissed

Richard A. Wahl,
Assistant Commissioner

U.S. DEPARTMENT OF COMMERCE
Patent Office

Interference No. 96,476
Dungey et al.

v.

Gorzegno et al.

May 12 1970

This interference is now before the Patent Interference Examiner for consideration of a petition to the Commissioner filed by Dungey et al, which petition, pursuant to a decision dated May 7, 1970, by Assistant Commissioner Wahl, is to be treated as a motion under Rule 243.

Dungey et al request that prior to the setting of the times for taking testimony *et seq.*, a special period be provided in order to permit the parties to obtain discovery in accordance with Rule 34 of the Federal Rules of Civil Procedure and 35 U.S.C. 24. Dungey et al assert that in view of the complex nature of the subject matter of this interference, as well as the complex legal issues involved, it may be necessary to introduce a great mass of evidence. Dungey et al point to such issues as derivation, misjoinder of inventors, and the striking of the Gorzegno et al application as matters concerning which evidence may here be necessary, which evidence would be in addition to that necessary to prove the various inventive acts. Dungey et al urge that by affording the parties an opportunity to obtain discovery, the issues to be ultimately decided at final hearing may be reduced. Gorzegno et al have filed an opposition to the petition.

At the outset it is noted that this interference is not, as of this date, in condition for the setting of times for taking of testimony. The period set for Gorzegno et al to file a proposed amendment to their here involved application adding claims corresponding to the counts proposed to be added as a result of the Primary Examiner's decision on motions has not yet expired. Nor has the period

for filing of preliminary statements with respect to the proposed counts yet expired. After the expiration of the aforementioned periods, in the event that Gorzegno et al file a proposed amendment adding the afore-noted claims, the interference will be redeclared and the preliminary statements will be examined to determine the propriety of the setting of times for taking testimony. Therefore, until it is determined that the setting of times for taking testimony is appropriate, the setting of a special period for discovery would be inappropriate.

However, the setting of a special period for discovery prior to the taking of any testimony is not deemed justified. The delays that may be incident to the discovery proceedings and the resultant delays in the interference are deemed not to be in the public interest where the junior party has not taken any steps to put on such testimony as is available to him without the proceeds of the discovery. The Commissioner, pursuant to the authority granted to him under 35 USC 6 and 35 USC 23, has promulgated Rules 251 and 257. This last aforementioned rule, Rule 257, in substance, provides that the junior party, that is, the party to the interference who has the most recent effective filing date, has the burden of proof. Rule 251 (a) provides, in substance, that the junior party must complete his testimony, that is, the presentation of his case, prior to the time that the senior party comes forth with any of his evidence. Therefore, the setting of a special period for unrestricted discovery prior to the taking of any testimony by the junior party would be a complete nullification of the aforementioned rules. Dungey et al have not made a sufficient showing to justify departure from the normal practice.

It is noted, however, that a junior party who is alleging that a senior party derived the invention from him, must present evidence on this issue during his (the junior party's) testimony in chief time. It is further recognized that often times the proofs necessary to establish such an allegation are in the possession of the opposing party,

and that it may be necessary to resort to procedures under Rule 34 of the F.R.C.P. to obtain such evidence. Therefore, where a party who is in the process of taking testimony determines that he must resort to Rule 34 to obtain necessary evidence, the Patent Office is not adverse to the granting of reasonable extensions of time to permit the party adequate opportunity to present his case. However, where a junior party utilizes his testimony time to pursue discovery proceedings in order to obtain the senior party's evidence relating to the senior party's inventive acts prior to the junior party having presented his own case, the Patent Interference Examiner is not sympathetic to any extensions of time.

Here, Dungey et al have alleged that there is a question of derivation and other ancillary matters, the establishment of which requires the presentation of evidence which allegedly is in the possession of Gorzegno et al. Therefore, in the event that testimony times are set, and if Dungey et al, during their testimony in-chief time go forth with the presentation of their evidence relating to the establishment of their own conception, reduction to practice and diligence, but require additional time to obtain evidence in the possession of their opponents, which evidence is necessary for the establishment of those matters which are proper during their testimony-in-chief time, if a proper showing is made, requests for reasonable extensions of time will be favorably entertained.

For the above reasons, the Dungey et al petition, treated as a motion under Rule 243, is denied.

After the expiration of the periods set in the Primary Examiner's decision on motion, the proceedings will be promptly resumed.

Saul I. Serota
Patent Interference Examiner

U.S. DEPARTMENT OF COMMERCE
Patent Office

Interference No. 96,476
Dungey et al

vs.

Gorzegno et al

June 4, 1970

On May 25, 1970, Dungey et al filed a motion under Rule 222 to correct their preliminary statement. Gorzegno et al have opposed the motion.

Consideration of the Dungey et al motion to amend their preliminary statement is deferred until final hearing. It is suggested that in order to avoid the possibility of this matter being overlooked at final hearing, that the motion be referred to in the briefs for final hearing.

On May 26, 1970, Gorzegno et al filed a motion to suspend the interference proceedings pending reargument and appeal, if necessary, in Civil Action No. 174-69, now pending in the United States District Court for the District of New Jersey. Counsel for Dungey et al, Mr. Roland T. Bryan, on June 3, 1970, orally informed the undersigned that he has no objections to the granting of the motion to suspend this interference.

The suspension of the interference pending reargument and/or appeal of the above referred to civil action is not deemed to be justified. It is a matter of pure speculation as to whether or not the court will stay its order based upon any action or lack of action taken in the interference. As noted in previous orders in this interference, and in several of the orders attached to the Gorzegno et al reply to the Dungey et al petition to provide time for discovery, it is incumbent upon the junior party to come forth with his evidence during the time assigned for the taking of his testimony. To permit the junior party time to seek the senior party's evidence before the junior

party presents any evidence relating to his own case would be an improper reversal of the time for taking testimony. In the event that the junior party comes forth with so much of his own case as he is able to, but is prevented from completing his presentation of evidence because the evidence necessary for completion of his own case is in the possession of the opposing party, additional time may be granted to the junior party upon making a timely motion accompanied by the requisite showing. See Rule 281. The granting of the present motion for suspension would be indirectly reversing the order of taking testimony. It is presumed that the courts will safeguard the senior party's rights with respect to the premature divulgence of his evidence to the junior party.

Accordingly, the motion to suspend is denied.

The times for taking testimony et seq. remain as previously set.

Saul I. Serota
Patent Interference Examiner

APPENDIX D

Relevant Portions of Statutes
Title 35 United States Code:

§ 6. Duties of Commissioner

The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trade-marks; and he shall have charge of property belonging to the Patent Office. He may, subject to the approval of the Secretary of Commerce, establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office. July 19, 1952, c. 950, § 1, 66 Stat. 793.

§ 23. Testimony in Patent Office cases

The Commissioner may establish rules for taking affidavits and depositions required in cases in the Patent Office. Any officer authorized by law to take depositions to be used in the courts of the United States, or of the State where he resides, may take such affidavits and depositions. July 19, 1952, c. 950, § 1, 66 Stat. 795.

§ 24. Subpoenas, witnesses

The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent Office.

Every witness subpoenaed and in attendance shall be allowed the fees and traveling expenses allowed to witnesses attending the United States district courts.

A judge of a court whose clerk issued a subpoena may enforce obedience to the process or punish disobedience as in other like cases, on proof that a witness, served with such subpoena, neglected or refused to appear or to testify. No witness shall be deemed guilty of contempt for disobeying such subpoena unless his fees and traveling expenses in going to, and returning from, and one day's attendance at the place of examination, are paid or tendered him at the time of the service of the subpoena; nor for refusing to disclose any secret matter except upon appropriate order of the court which issued the subpoena. July 19, 1952, c. 950, § 1, 66 Stat. 795.

Relevant Portions of Patent Office Regulations

INTERFERENCES: TRIAL

251. *Assignment of times for taking testimony.* (a) Times will be assigned in which the junior party shall complete his testimony in chief, and in which the other party shall complete the testimony on his side, and a further time in which the junior party may take rebutting testimony, but he shall take no other testimony. If there be more than two parties to the interference, the times for taking testimony will be so arranged that each shall have an opportunity to prove his case against prior parties and to rebut their evidence, and also to meet the evidence of junior parties.

(b) The time for taking testimony will ordinarily be assigned in notices sent to the parties after motions under rule 231 have been disposed of or, if no such motions have been filed, after the close of the motion period (rule 231).

(c) Testimony shall be taken during the times assigned in accordance with rules 271 to 286.

(d) The date for final hearing will ordinarily be set in separate notices.

257. *Burden of proof.* (a) The parties to an interference will be presumed to have made their inventions in the chronological order of the filing dates of their applications for patents involved in the interference or the effective filing dates which such applications have been accorded; and the burden of proof will rest upon the party who shall seek to establish a different state of facts.

(b) The termination of the interference by dissolution under rule 231 or rule 237, without an award of priority, or by an award of priority based solely upon ancillary matters, shall not disturb this presumption, and a party under these circumstances enjoying the status of a senior party with respect to any subject matter of his application shall not be deprived of any claim to such subject matter solely on the ground that such claim was not added to the interference by amendment under rule 231.

272. *Manner of taking testimony of witnesses.* (a) The testimony of witnesses shall be taken by depositions on oral examination in accordance with these rules.

(b) If the parties so stipulate in writing, deposition may be taken before any person authorized to administer oaths, at any place, upon any notice, and in any manner, and when so taken may be used like other depositions. By agreement of the parties, provided the Commissioner consents, testimony may be taken before an officer or officers of the Patent Office under such terms and conditions as the Commissioner may prescribe.

(c) By agreement of the parties, the testimony of any witness or witnesses of any party, may be submitted in the form of an affidavit by such witness or witnesses. The parties may stipulate what a particular witness would testify to if called, or the facts in the case of any party may be stipulated. When evidence is submitted in one of these forms, four copies of such affidavit or stipulated testimony (rule 253 (a), (f)) are required.